June 18, 2026

The Honorable Scott Turner
Secretary
United States Department of Housing and Urban Development
2415 Eisenhower Avenue
Alexandria, VA 22314

Re: Industry Response to "Updates to the Restore-Rebuild Initiative" Memorandum

Dear Secretary Turner:

On behalf of our more than 3,000 member public housing authorities ("PHAs"), the Council of Large Public Housing Authorities ("CLPHA"), the National Association of Housing and Redevelopment Officials ("NAHRO"), the Public Housing Authority Directors Association ("PHADA"), and the MTW Collaborative, along with Reno & Cavanaugh, PLLC ("R&C"), want to express our profound disappointment in and strong opposition to HUD's recent actions that will eliminate the highly successful Restore-Rebuild initiative. Restore-Rebuild empowers PHAs to develop additional affordable housing units up to their "Faircloth" limit and to convert those units to Section 8 under HUD's Rental Assistance Demonstration ("RAD") program. The undersigned organizations, representing public housing authorities and their partners in the affordable housing industry, sign on to demonstrate their support for the Restore-Rebuild initiative and the recommendations set forth in this letter.

In HUD's Memorandum to all PHAs entitled, "Updates to the Restore-Rebuild Initiative," from Assistant Secretary Benjamin Hobbs and Joseph M. Gormley, performing the delegable duties of the Assistant Secretary for Housing – Federal Housing Commissioner, dated May 12, 2026, and transmitted to PHA Executive Directors on May 15, 2026 (the "Memo"),[1] HUD announced that "effective immediately" no new requests for a Notice of Anticipated RAD Rents ("NARR") will be accepted.[2] The Memo also states that if a PHA has received a NARR or will receive one pursuant to an existing request, then its NARR will be voided ninety (90) days after the date of the Memo unless certain criteria with aggressive project benchmarks are met.

[1] U.S. Dep't of Hous. and Urban Dev., Memorandum on Updates to the Restore-Rebuild Initiative (May 12, 2026) [hereinafter Memo].
[2] Id.

At a time when housing affordability has risen to the top of the domestic policy agenda, we urge HUD to embrace and continue, rather than terminate, the innovative and remarkably successful Restore-Rebuild initiative that leverages public-private partnerships to generate new units of affordable housing. It is widely acknowledged that the severe shortage in housing supply exacerbates housing affordability problems, and the Administration has proposed myriad legislative, executive order, regulatory, and subregulatory means to stimulate housing production.[3] Restore-Rebuild works precisely because it leverages the kind of public-private partnerships that the Administration and Congress regularly say they want to support. In that context, it is perplexing for HUD to intentionally eliminate the existing Restore-Rebuild housing production initiative at this critical moment in our nation's push to address the housing supply shortage.

The number of affordable housing units that a PHA can develop through the Restore-Rebuild process has been set by Congress in what is known as a PHA's "Faircloth" cap.[4] That authorization allows PHAs through public-private partnerships to replace housing units that have previously been lost from their portfolios through demolition, disposition, casualty, or for other reasons. These replacement units have already been authorized both by Congress and under contracts between HUD and individual PHAs.

As we understand it, HUD's justification for eliminating Restore-Rebuild in the Memo is that the Administration's FY 2027 budget request (the "Proposed Budget") proposes to reset each PHA's Faircloth cap. However, Congress has not acted on the Proposed Budget and has not reset the Faircloth cap. Further, we strongly oppose this provision in the Proposed Budget and will forcefully advocate for the continuation of Restore-Rebuild. Before Congress passes the Proposed Budget and establishes a new Faircloth limit, HUD may not circumvent Congress by preemptively implementing a proposed statutory change, whether through these informal means or through anything other than enactment of a new law by Congress. We believe HUD should reconsider its position and rescind the Memo because PHAs simply cannot lose this important federal resource.

Restore-Rebuild creatively uses several existing legal authorities to expand the available supply of affordable housing units. First, under permanent law in the U.S. Housing Act of 1937, as amended (the "1937 Act"),[5] PHAs are authorized to use annually appropriated funds to develop additional public housing units, including through a mixed-finance process which relies on private investment through Low-Income Housing Tax Credits ("LIHTC"), tax-exempt bonds, commercial debt, and other financing sources.[6] Consistent with the policies set forth in the 1937 Act, mixed-finance

[3] *See e.g.,* Exec. Order No. 14394, Removing Regulatory Barriers to Affordable Home Construction, 91 Fed. Reg. 13207 (Mar. 13, 2026).
[4] 42 U.S.C. §1437g(g)(3)(A).
[5] U.S. Housing Act of 1937, Pub. L. No. 75-412, 50 Stat. 888 (codified at 42 U.S.C. § 1437).
[6] *See* 42 U.S.C. §1437g(d)(1); *see also* 42 U.S.C. §1437z-7.

development allows PHAs to harness private sector resources and expertise to meet the public mission of producing decent, safe and affordable housing for low-income Americans.[7]

In 2012 Congress authorized the RAD program,[8] which has allowed the conversion of nearly 200,000 units from the public housing program to a better resourced and more streamlined Section 8 funding and regulatory platform.[9] RAD has also leveraged approximately $13.58 in funding for every $1 of federally appropriated funds,[10] generating a total of over $27 billion in construction investments,[11] while preventing further losses to the housing inventory by rehabilitating and preserving scarce affordable housing units. The Senate, through its passage of the ROAD to Housing Act as part of the National Defense Authorization Act for Fiscal Year 2026, has voted to make the demonstration program permanent and eliminate the cap on the number of units eligible to convert through RAD, indicating strong support for the program.[12] We applaud HUD for its successful implementation of RAD and appreciate HUD's continued strong support for the program. Given those achievements, retaining Restore-Rebuild would be consistent with HUD's support for RAD and further its broader stated mission of "supporting access to quality, affordable housing … [and] expanding the housing supply."[13] Additionally, retaining the Restore-Rebuild initiative would promote affordable housing development within Opportunity Zones.

Restore-Rebuild is the highly innovative administrative mechanism by which HUD brings mixed-finance development, the Faircloth cap, and RAD together to leverage public-private partnerships and add affordable housing supply. Capitalizing on the ability under the 1937 Act to create new public housing using only operating assistance rather than committing public housing Capital Funds, Restore-Rebuild can be an incredibly inexpensive tool to create deeply affordable housing with no additional upfront federal capital investment and leverages the private sector to assist in meeting the challenges of the affordability crisis. Restore-Rebuild has been a critical tool for ensuring that housing financed with the Low Income Housing Tax Credit can reach our nation's poorest and most vulnerable households because the operating assistance attached to Restore Rebuild units makes rents affordable to these households, who often cannot afford even the reduced rents provided in LIHTC properties without additional rental assistance. For example, a recent Restore-Rebuild $107 million transaction in Los Angeles created 105 new affordable units, including 62 Restore-Rebuild units with no federal funds used towards construction or permanent financing. The only federal investment is the rental assistance associated with the Restore-Rebuild units replacing units that had been lost to the program. The Restore-Rebuild program allows PHAs

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[7] *See* 42 U.S.C. §1437a.
[8] Consolidated and Further Continuing Appropriations Act of 2012, Pub. L. No. 112-55, as amended.
[9] U.S. DEP'T OF HOUS. & URB. DEV., *RAD Data & Resources - PHA Data*, https://www.radresource.net/pha_data2020.cfm (last visited May 24, 2026).
[10] Id.
[11] Id.
[12] National Defense Authorization Act for Fiscal Year 2026, S. 2296, 119th Cong. (as passed by Senate, Oct. 9, 2025).
[13] U.S. DEP'T OF HOUS. & URB. DEV., *HUD Delivers Mission-Minded Results in Trump Administration's First 100 Days*, https://www.hud.gov/news/hud-no-25-059 (last visited May 27, 2026).

and their development partners to create housing options for low-income households in areas of high opportunity, which has been shown to have positive long-term impacts on youth, including increased lifetime earnings, higher college attendance, and other positive outcomes.[14]

Restore-Rebuild is also entirely consistent with HUD's stated goal of "repositioning public housing units to the Section 8 platform."[15] Through Restore-Rebuild, HUD has worked with PHAs and their development partners to develop new Faircloth units utilizing mixed-finance development, which upon completion of construction are quickly converted to long term affordable Section 8 units through RAD. Thousands of units have already been developed under Restore-Rebuild, and there is a potential pipeline of over 250,000 additional Restore-Rebuild units under the existing Faircloth cap. The Memo, along with the Proposed Budget, if enacted, would abruptly stop that pipeline. Additionally, removing the Restore-Rebuild initiative will negatively impact the development of affordable housing in Opportunity Zones.

Under the Memo, HUD refuses to issue new NARRs and seeks to terminate existing ones. The NARR is a critical component of Restore-Rebuild transactions as the primary means by which HUD assures private investors and lenders that project rents will be adequate to support the project's projected debt service and operating costs. Without a NARR from HUD, those investments are at a greater risk during project construction and lease-up. Obviously, that risk has a substantial chilling effect on a PHA's ability to generate the upfront capital and investments necessary to develop Restore-Rebuild units, as financing parties will only underwrite to a lower rent level that is likely insufficient to support necessary development and operating costs.

Furthermore, eliminating this pathway does not prevent housing authorities from pursuing these development goals; rather, it simply injects unnecessary administrative red tape, inflated soft costs, and deep uncertainty into the process. Restore-Rebuild was envisioned as an initiative to reduce red tape, so this action directly contradicts HUD's stated commitment to cutting unnecessary regulations and fostering robust public-private partnerships.

The Memo sets forth three exceptions that would allow a PHA to keep its existing NARR. However, for the reasons described below, all three are highly problematic. First, a PHA may retain its NARR if it has "received HUD approval for mixed-finance development or acquisition under applicable regulations."[16] However, the Memo does not acknowledge that once a PHA has made its programmatic and legal evidentiary submissions to HUD, the process is almost entirely out of the PHA's hands. Instead, the PHA must wait for multiple divisions within HUD to review and comment on the submission. Once comments are received from HUD, the PHA must return revised documents, often needing to go back to third parties to renegotiate deal terms, which can be time consuming. Additionally, due partly to HUD staffing reductions, PHAs, their development

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[14] Raj Chetty et al., The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment, 106 AM. ECON. REV. 855, 899 (2016).
[15] MEMO, *supra* note 1, at 1.
[16] Id.

partners, and legal counsel are finding that it is taking longer to complete the HUD review and approval process. It seems unfair that HUD would void a PHA's NARR while its submission awaits HUD review and approval or while the PHA is in the process of addressing HUD's comments. Instead, if there is to be a requirement, it should only be that the PHA has already submitted or will make a substantially complete programmatic and legal evidentiary submission to HUD within 180 days of the Memo.

The second exception for a PHA to retain its NARR is for the PHA to have "submitted a substantially complete mixed-finance development proposal or public housing acquisition proposal to HUD for the proposed project."[17] While we appreciate that the Memo says "substantially complete" rather than final, whether or not that criterion is reasonable depends on how HUD interprets it, so further HUD guidance on how "substantially complete" will be defined in this context is necessary in order for PHAs and their development partners to assess and respond appropriately. In addition, because HUD does not require requests for a NARR to include a comparable level of detail in terms of project structure and financing, it may not be possible for PHAs to be able to submit a "substantially complete" proposal within 90 days. Therefore, HUD should extend the deadline to at least 180 days so that PHAs and their development partners have a reasonable time to complete a proposal.

The third exception for a PHA to retain its NARR under the Memo is for the PHA to have "demonstrated through documentation from a state allocating agency that an application for Low-Income Housing Tax Credits for the proposed project has been submitted and is under review or has been approved."[18] We appreciate HUD's acknowledgement that these transactions can be quite complex and often depend upon securing additional competitive resources, such as LIHTC, from other government agencies or private parties. However, there are significant resources that need to be accounted for in this exception other than LIHTC. Therefore, HUD should expand this exception to reference "an application for Low-Income Housing Tax Credits, private activity bond volume cap, or other competitive public or private financing necessary to close the transaction." HUD should also extend the deadline to at least 180 days.

Additionally, while we appreciate that HUD will not stop processing NARR requests for those PHAs who have submitted but not yet received a NARR, we are concerned that the timelines for each of the three exceptions above will continue to begin as of the date of the Memo rather than the later of: (a) the date of the Memo, or (b) the date that the PHA actually receives their NARR. Until a PHA receives a NARR and knows what the project rents will be, a PHA and its partners cannot complete the project underwriting and financing to the level of detail required in the Mixed-Finance Development Proposal and Calculator. A PHA should not be disadvantaged because its NARR was not issued prior to publication of the Memo. In these cases, the PHAs should still be

[17] *Id.* at 2.
[18] Id.

allotted the full number of days following issuance of the NARR to meet one of the exceptions set forth above.

Finally, we want to emphasize that for many Restore-Rebuild projects that either have or are awaiting NARRs, PHAs and their development and financing partners have already expended significant resources in predevelopment and other upfront costs, such as architecture and engineering studies, necessary to complete the project. HUD's unilateral decision to void or refuse to issue NARRs, thereby canceling those projects, will have a significant impact on the willingness of those parties to make future investments in Restore-Rebuild and other HUD programs. It could also expose both HUD and PHAs to legal risk as parties have relied on HUD's assurances in the NARR and elsewhere that a project will proceed to closing.

For these reasons, we call on HUD to rescind the Memo, continue issuing and processing NARRs, and to engage with PHAs to address any concerns that HUD may have in order to make the initiative even more effective in addressing the nation's housing affordability crisis. In the short term and at a minimum, we request that HUD implement the recommendations we have made above to extend, expand, and clarify the criteria in the Memo under which a NARR would not be voided.

Finally, we request a meeting with you at the earliest opportunity to discuss this letter and the future of the Restore-Rebuild initiative in more detail. Thank you for your attention to this important matter.

Sincerely,

Council of Large Public Housing Authorities (CLPHA)
National Association of Housing and Redevelopment Officials (NAHRO)
Public Housing Authorities Directors Association (PHADA)
MTW Collaborative
National Council of State Housing Agencies (NCSHA)
National Leased Housing Association (NLHA)
National Housing Law Project (NHLP)
National Housing & Rehabilitation Association (NH&RA)
California Association of Housing Authorities (CAHA)
Maine Affordable Housing Coalition
Housing Alliance of Pennsylvania
Georgia Advancing Communities Together, Inc.
Illinois Housing Council
Housing Action Illinois
New Hampshire Housing Authorities Corporation

Louisville Metro Housing Authority
Bangor Housing
Bath Housing
Bremerton Housing Authority
Housing Authority of the City of Bristol, VA (Beyond Housing)
Columbus Metropolitan Housing Authority
San Diego Housing Commission
St. Paul Public Housing Agency
Santa Clara County Housing Authority
Housing Authority of Springfield, MO
The Housing Authority of Washington County
Staunton Redevelopment and Housing Authority
Housing Authority of the City of Los Angeles (HACLA)
Boston Housing Authority
Tacoma Housing Authority
Cambridge Housing Authority
Ventura Housing
Vancouver Housing Authority
Palm Beach County Housing Authority
Reno Housing Authority
Home Forward
Brookline Housing Authority
Ivory N. Mathews Consulting, LLC
Impact for Equity
Grand Rapids Housing Commission
West Palm Beach Housing Authority
Lake County Housing Authority
Brockton Housing Authority
Lucas Metropolitan Housing
Housing Authority of the County of Kern
Housing Authority of the City and County of Denver
Boca Raton Housing Authority
Berkeley Housing Authority
Spokane Housing Authority
Oakland Housing Authority
Housing Authority of Baltimore City
Housing Authority of the County of San Mateo
Housing Authority of the City of Livermore
Housing Authority of the County of Santa Cruz
Housing Authority of the City of Port Hueneme

Housing Authority of the City of Santa Barbara
Housing Authority of the County of Santa Barbara
Stanislaus Regional Housing Authority
Paso Robles Housing Authority
Compton Housing Authority
Housing Authority of the County of San Joaquin
Fresno Housing Authority
Westbrook Housing
Fairfield Housing Authority
Imperial Valley Housing Authority
West Hartford Housing Authority
Delaware State Housing Authority
Housing Authority of the City of New Smyrna Beach
Augusta Housing Authority, Maine
Housing Authority of San Luis Obispo
Concord Housing + Redevelopment
Suisun City Housing Authority
Housing Authority of the County of Tulare
Westbrook Development Corporation
Housing Authority of the County of Butte
Housing Authority of the County of San Bernardino
Housing Authority of the County of San Mateo
Newark Housing Authority
Oklahoma City Housing Authority
The Ozark Housing Community
Sanford Housing Authority
Biddeford Housing
Housing Authority of the County of San Diego